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GSK divests two vaccines to Bavarian Nordic

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GlaxoSmithKline has announced the divestment of travel vaccines Rabipur (tradename Rabavert in the US) for the prevention of rabies, and Encepur for the prevention of tick-borne encephalitis, to Bavarian Nordic.

The decision to divest these brands, acquired from Novartis in 2015 as part of the acquisition of its vaccines business, supports GSK's strategic intent to increase focus and reinvest in growth assets, innovation and a simplified supply chain in its vaccines business.

Roger Connor, President, Global Vaccines at GSK, said: "This agreement with Bavarian Nordic will enable us to commit greater resources to our key growth assets and to our R&D pipeline, while also ensuring the continued supply of these important and successful vaccines."

GSK will receive an upfront payment of approximately EUR301 million (£259m) and will also receive milestone payments of EUR495 million and additional proceeds from the sale of inventory over the course of the supply arrangements for a total consideration of up to EUR 955m. The value of inventory at the anticipated closing date is estimated to be EUR 159 million. EUR 25m (£22m) of the total consideration is conditional upon future sales performance of the two vaccines.

To ensure supply continuity both vaccines will continue to be manufactured primarily at GSK's Marburg site in Germany until full production is transferred to Bavarian Nordic. The staged technology transfer is expected to commence in Q1 2020 with completion anticipated within 5 years.

The transaction is expected to close by the end of 2019 and is conditional upon anti-trust approval as well as approval of Bavarian Nordic's rights issue by its shareholders.

Rabipur is a well-established life-saving vaccine with 30 years of market experience supported by extensive clinical and safety evidence and WHO pre-qualification. It is indicated both in persons bitten by suspect animals and non-immune subjects at risk of rabies.

Encepur is indicated for active immunization of high-risk populations against tick-borne encephalitis (TBE). It has unique dosing flexibility supported by proven efficacy and long-term persistence data.